

# **Comments to the Renewables Committee of the California Energy Commission**

**In the Matter of:  
Implementation of Renewables Portfolio Standard Legislation  
SB 1078 (Ch. 516, Statutes of 2002) and SB 1038 (Ch. 515, Statutes of 2002)**

**Docket No. 03-RPS-1078  
RPS Proceeding**

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California Solar Energy Industries Association (Cal SEIA) respectfully submits these comments today in response to the Renewables Committee's draft decision on Phase II of the California Energy Commission's implementation of the renewable portfolio standard (RPS) legislation.

## **DG and the RPS**

The Committee solicits input as to the proper eligibility and participation of renewable distributed generation (DG) in the RPS and how to measure and verify the output from DG units. While we understand that this issue will be addressed in Phase 3 of this proceeding, Cal SEIA would like to underscore the importance of the Renewable Energy Credit (REC) issue to the solar industry and its customers.

We believe that the solar customers who invest in this preferred "zero-emission" technology should be allowed to participate in the RPS in a meaningful way. The solar industry operates primarily within the retail electricity market on the "customer side of the meter". While the RPS is designed as a wholesale market, retail customers make substantial private investments to install solar (both photovoltaic and thermal). This customer investment should be encouraged and be allowed to participate in the RPS as a matter of state policy. The investment in solar technologies is the property right of the generator who owns the system. It should be clear that this property right of the generator has separate components which include energy, capacity and RECs.

## **REC Accounting**

The Committee recommends that RECs be counted per MWh of production rather than kWh. For small residential scale facilities that generate as little as 2,500 kWh per year this could be a problem. What is required is an open enough framework that allows aggregators to consolidate residential-scale RECs, sell them on a MWh basis to the utilities and other green marketers, but still be able to compensate the residential customers on a per kWh basis.

Cal SEIA looks forward to working with the Committee, staff and other stakeholders on these important issues. We are hopeful that the emerging REC market becomes robust enough to help influence power generation towards the cleanest and most efficient generation. We believe that REC ownership if encouraged and accounted for properly could eventually provide significant monetary values that could potentially alleviate the necessity of customer rebates and other financial incentives over time.